

**Company Name:** Oriental Aromatics Limited

**Quarter under review:** Q4-FY26

**Oriental Aromatics Limited– Q4-FY26/FY26 Concall Highlights:**

**Oriental Aromatics Ltd (Consolidated)**

INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
<b>Operational Income</b>	2,824	2,532	11.5%	2,516	12.2%	10,308	9,283	11.0%
<b>EBITDA</b>	195	193	1.0%	132	47.7%	680	934	-27.2%
<b>EBITDA M (%)</b>	6.91%	7.62%	-71 bps	5.25%	166 bps	6.60%	10.06%	-346 bps
<b>PAT</b>	40	14	NA	-19	NA	32	343	-90.7%
<b>PAT M (%)</b>	1.42%	0.55%	87 bps	-0.76%	218 bps	0.31%	3.69%	-338 bps
<b>Diluted EPS</b>	1.18	0.42	NA	-0.57	NA	0.98	10.20	-90.4%

**Operational Highlights:**

- Marked a significant company milestone by crossing the 1,000 crore revenue threshold for the first time in its history during the financial year.
- Achieved healthy volume growth in FY26 despite continued global demand and pricing pressure, with sales volumes increasing over 9% YoY and production volumes up 5% YoY. In Q4 FY26, sales volumes grew 16% QoQ and 5% YoY, while production volumes declined due to product mix changes and specialty intermediate trials.
- The Fragrance & Flavour Division delivered resilient performance driven by healthy customer demand, premiumization trends, new customer additions, and increased wallet share across existing domestic and international accounts.
- Benefits from previously soft raw material pricing largely tapered off through H2 FY26, with input costs firming up significantly in Q4, creating near-term margin pressure that is expected to persist into coming
- The Aroma Ingredients division continued to face global pricing pressure as excess Chinese capacity flowed into non-tariff markets, including India, Southeast Asia, and Europe, keeping product prices subdued.
- Significant input cost inflation was witnessed due to record-high prices of gum turpentine, CST, and alpha-pinene, along with crude oil volatility and INR depreciation, increasing raw material and import costs across divisions.
- Focus remained on process improvements, yield optimization, disciplined cost control, and periodic price revisions, including cumulative price increases of 25–27%.
- Camphor & Terpene Chemicals operated at healthy utilization levels at the Bareilly facility but continued to face pricing pressure due to domestic overcapacity and imports of natural camphor from China. Continued expansion of the retail footprint through Saraswati and 3Pine brands alongside strengthening strategic B2B relationships.

- Mahad facility remained in the ramp-up phase and impacted EBITDA margins by 1–1.5%, while progressing through commercial shipments and participation in global RFQs for H2 CY2026.
- Mahad is expected to reach 75–80% utilization within one year, supporting EBITDA neutrality and creating incremental annual revenue potential of INR 60–65 crore at full capacity.
- FY27 priorities remain focused on volume growth, market share gains, Mahad ramp-up, and gradual recovery of EBITDA margins toward ~10%.

## Key Questions & Answers discussed during the Concall:

- **Has the company taken any steps regarding the natural camphor imports from China?** The company has initiated discussions with the central government on two separate occasions regarding this matter. Updates will be shared with investors as and when any concrete regulatory developments emerge. It was also noted that the larger structural issue is not just imports, but a significant domestic supply-demand mismatch caused by rapid capacity additions within India itself, which has become the more pressing challenge for the camphor segment.
- **What is the peak revenue potential for the company at current price realizations, excluding the Mahad facility?** Excluding the Mahad facility, the existing manufacturing infrastructure can comfortably support a peak top-line revenue in the range of INR 1,200 to INR 1,250 crore, based on running plants at 80–90% utilization to ensure full overhead coverage, while simultaneously adding new molecules and internalizing intermediates.
- **What is the estimated incremental revenue addition when the Mahad plant operates at full capacity?** On a conservative basis, the Mahad facility is expected to contribute approximately INR 50 crore in FY27; however, at full optimum utilization and at current (rising) Evermoss price realizations, the facility has the potential to add INR 60–65 crore of incremental annual revenue to the consolidated top line..
- **What is the typical seasonal demand pattern for the company across the financial year?** Q2 and Q3 are historically the strongest quarters, driven by festive season demand across both the fragrance & flavour and camphor segments. Q1 typically serves as a ramp-up and inventory build phase ahead of the festive season, while Q4 is naturally subdued due to the absence of major festivals, resulting in relatively lower sales and promotional activity.
- **Why are the company's EBITDA margins lower than industry peers who enjoy 15% to 20% margins?** Margins remained impacted by elevated prices of gum turpentine, CST, and alpha-pinene, INR depreciation, crude-linked cost inflation, and the temporary EBITDA impact from Mahad ramp-up. A larger presence in volume-driven generic aroma ingredients also results in structurally lower margins than fragrance-focused peers.
- **Can the company return to its historical 10% EBITDA margin level in FY27?** Returning to the ~10% EBITDA benchmark remains the company's active endeavour. Progress is being made through cost pass-throughs, pricing revisions, yield optimization, and internal efficiency programs. However, a cautious near-term outlook is maintained given ongoing geopolitical uncertainty, persistent input cost inflation, and the reality that the worst of these headwinds may not yet be over.

- **Which specific business segment is expected to outperform the others in the near future?** The three segments function as **natural hedges** against each other — when one division faces market cycle headwinds, the others tend to compensate. This dynamic has consistently kept the long-term revenue mix balanced at roughly one-third each, making it difficult to single out one outperformer, and no structural shift in that balance was predicted.
- **Why have trade receivables spiked by 40% when top-line growth was only 11%?** Several top-tier global corporate customers requested extended credit periods as part of their own cash flow practices. The company accommodated these requests but adjusted product pricing upward to cover the additional cost of capital, ensuring the economics of extended credit remain favourable. There is no structural concern around the quality or recoverability of these receivables.
- **To what extent have the all-time high prices of Gum Turpentine and Alpha-Pinene been passed on?** Cumulative price increases of 25–27% have been successfully implemented, structured as incremental revisions every three months to reduce customer resistance in a buyer's market. Additionally, for spot market transactions, the company has shifted to monthly rolling price lists to enable real-time and near-instantaneous cost pass-through as input prices move.
- **What is the timeline and utilization threshold required for the Mahad facility to turn EBITDA neutral?** The company is highly confident of achieving 75–80% capacity utilization at Mahad within the next one year. At that utilization level aided by progressively improving price realizations and ongoing cost optimization at the facility the plant is expected to turn EBITDA neutral and begin contributing positively to consolidated margins.
- **How is the company differentiating its aroma ingredients from Chinese competitors in export markets like Europe and South Africa?** The company employs a multi-point differentiation strategy: first, its backward integration into aroma ingredients offers a unique and compelling value proposition to fragrance customers that non-integrated peers cannot replicate; second, its multi-plant infrastructure enables diverse chemistry capabilities, process optimization, and superior cost management; and third, the company offers a significantly broader product basket than most Chinese or global aroma chemical manufacturers, which strengthens positioning and stickiness with international customers in markets such as Europe and South Africa.
- **Why has the domestic revenue share increased relative to international revenue this year?** Two concurrent forces drove this shift: the global aroma ingredients business contracted slightly in revenue contribution due to extreme pricing pressure and a challenging export environment, while simultaneously the domestic Fragrance & Flavour division stepped up decisively, capturing substantial new business with local accounts across a wide range of customer segments resulting in a natural rebalancing toward domestic revenue in FY26.

- **Has the industry assessed the structural impact of Chinese camphor imports on domestic pricing?** While natural camphor imports from China do influence the domestic pricing environment, the more significant structural issue is the massive domestic supply-demand mismatch resulting from rapid and substantial synthetic camphor capacity additions within India in recent years well in excess of expected demand growth which continues to be the primary driver of pricing pressure in the camphor segment.
- **What is the revenue breakdown across the three primary business segments?** The revenue distribution has historically remained well-balanced, with each of the three divisions Fragrance & Flavour, Aroma Ingredients, and Camphor & Terpene Chemicals contributing approximately one-third (33%) each to total consolidated revenue, with minor variations of a few percentage points in any given year.

**Key Participants:**

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